

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7483

BILL NUMBER: SB 558

NOTE PREPARED: Jan 14, 2009

BILL AMENDED:

SUBJECT: Public Safety Disability Benefits.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill:

(1) provides for the payment of a catastrophic disability benefit to an individual: (A) who has a permanent and total disability from a catastrophic personal injury that is sustained in the line of duty as a member of the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) or as a sheriff, deputy sheriff, or town marshal in the Public Employees' Retirement Fund (PERF) after December 31, 2007, and that permanently prevents the individual from performing any gainful work; and (B) who was employed as a full-time public safety officer at the time the individual suffered the disability;

(2) provides that in the case of a sheriff, deputy sheriff, or town marshal who is a member of PERF: (A) the PERF board shall make the determination concerning whether an individual is entitled to a catastrophic disability benefit; and (B) the catastrophic disability benefit is payable from PERF;

(3) provides that a medical authority selected by the PERF board shall make a recommendation to the board concerning whether an applicant for a catastrophic disability benefit has a permanent and total disability from a catastrophic personal injury that permanently prevents the applicant from performing any gainful work;

(4) provides that a determination by the PERF board may be appealed under the Administrative Orders and Procedures Act;

(5) provides that in the case of a member of the 1977 Fund: (A) the local pension board shall make a determination (for members covered under the 1990 disability system) or a recommendation to the 1977 Fund Advisory Committee (for members covered under the pre-1990 disability system) of whether the fund member's impairment is a catastrophic disability; (B) the PERF board's director (for members covered under the 1990 disability system) or the 1977 Fund Advisory Committee (for members covered under the pre-1990 disability system) shall make a final determination regarding whether an individual is entitled to a catastrophic disability benefit; and (C) the catastrophic disability benefit is payable from the 1977 Fund;

(6) specifies that the annual amount of an individual's catastrophic disability benefit is equal to the difference between: (A) the salary of a first class patrolman or first class firefighter (in the case of a member of the 1977 Fund) or the individual's regular annual salary as a sheriff, deputy sheriff, or town marshal, in the case of an individual who is a member of PERF; minus (B) the sum of any annual salary, wages, or disability benefits paid (or to be paid) to the individual by the individual's public safety employer or by the public pension plan or public pension fund of which the individual is a member, including any Social Security disability benefits paid to the individual;

(7) specifies that a catastrophic disability benefit may be paid only until: (A) the date on which the individual becomes 65 years of age, in the case of a member of PERF; or (B) the date on which the individual attains the age and years of service necessary for the individual to receive an unreduced annual retirement benefit, in the case of a member of the 1977 Fund; and

(8) provides that a child or surviving spouse of an individual who is receiving a catastrophic disability benefit or was receiving a catastrophic disability benefit at the time of the individual's death is not required to pay educational costs at a state educational institution or state-supported technical school.

Effective Date: January 1, 2008 (retroactive).

Explanation of State Expenditures: *Disabled Recipients:* The number of potential recipients is not known. The following table shows the estimated impact of this proposal based on 20 disabled recipients. [Very few sheriffs are covered under PERF, therefore if there are 20 catastrophic disabilities among police and fire members, sheriffs, deputy sheriffs, or town marshals it was assumed only one would be paid from PERF and 19 would be paid from the 1977 Police Officers' and Firefighters' Pension and Disability Fund.]

	1977 Fund	PERF	TOTAL
Increase in Unfunded Liability	\$5,971,700	\$314,000	\$6,286,000
Annual Disability Benefit	\$319,200	\$16,800	\$336,000

Tuition and Fee Exemption: The number of additional children or spouses who might be subject to tuition remission under the bill is not known. The following table shows the number of students and average dollar amounts of tuition remission between 2004 and 2008 for spouses and children of public safety officers who were killed in the line of duty.

Year	Dollar Amount	Students	Avg.
2008	\$42,372	13	\$3,259
2007	\$36,281	12	\$3,023
2006	\$16,671	7	\$2,382
2005	\$20,491	6	\$3,415
2004	\$23,643	6	\$3,941

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: PERF as administrators of the 1977 Police Officers' and Firefighters' Pension and Disability Fund; State Student Assistance Commission; State educational institutions.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508; State Student Assistance Commission's *Annual Report*.

Fiscal Analyst: James Sperlik, 317-232-9866; Chuck Mayfield, 317-232-4825.

DEFINITIONS

Unfunded Liability - the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.